



16 January 1956

MEMORANDUM FOR: Legislative Counsel

SUBJECT : S. 1875 - H.R. 6014 (Byrnes, Wis.)

Subject Bill provides for tax relief to members of the Armed Forces while they are held by Communist government authority or missing in action from a combat zone. It occurred to us that it might be desirable to have a benefit of this nature extended to our people in particular, and it would seem perfectly reasonable to make it available to all civilian personnel of the government.



STATINTL

Assistant General Counsel

STATINTL

Ways + Means passed it over  
Navy proposed great extension of gross, which was "without any limit"  
Kuwait has last interest  
Egypt has last interest

NOTICE OF PENDING LEGISLATION		DATE
		LEGISLATIVE BILL NO.
		S. 1875
SECTION I GENERAL		
TO :		FROM: LEGISLATIVE COUNSEL OFFICE OF GENERAL COUNSEL
THE ATTACHED BILL, WHICH HAS BEEN INTRODUCED INTO CONGRESS, IS:		
<input type="checkbox"/> SENT TO YOU FOR INFORMATION ONLY. <input type="checkbox"/> A BILL ON WHICH FAVORABLE CONGRESSIONAL ACTION <input type="checkbox"/> IS <input type="checkbox"/> IS NOT PREDICTED. <input type="checkbox"/> SENT FOR YOUR COMMENT AS TO WHETHER IT IS OF INTEREST TO CIA ACTIVITIES, AND WHETHER FURTHER ACTION BY THIS OFFICE IS NECESSARY OR DESIRED. <div style="border: 1px solid black; padding: 2px; display: inline-block;">IT IS REQUESTED THAT COMMENTS CONCERNING THIS LEGISLATION BE FORWARDED, THROUGH APPROPRIATE CHANNELS, TO THIS OFFICE, BY</div>		
SECTION II COMMENTS (From Original Addressee)		FOLD HERE
TO : LEGISLATIVE COUNSEL OFFICE OF GENERAL COUNSEL		FROM:
3 May 1955		84/1
Mr. Knowland of California		
To grant tax relief to members of the Armed Forces of the United States held by a Communist government authority or missing in action from a combat zone.		
Distribution:		
DATE OF COMMENTS		EXTENSION

84<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

**S. 1875** = *H.R. 6014*

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IN THE SENATE OF THE UNITED STATES

MAY 3 (legislative day, MAY 2), 1955

Mr. KNOWLAND introduced the following bill; which was read twice and referred  
to the Committee on Finance

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**A BILL**

To grant tax relief to members of the Armed Forces of the  
United States held by a Communist government authority  
or missing in action from a combat zone.

- 1       *Be it enacted by the Senate and House of Representa-*
- 2       *tives of the United States of America in Congress assembled,*
- 3       *That (a) section 112 of the Internal Revenue Code of 1954*
- 4       *is hereby amended as follows:*
- 5           *(1) By striking out the heading thereof and inserting in*
- 6       *lieu thereof the following:*

I

1    "SEC. 112. PAY OF MEMBERS OF ARMED FORCES SERVING  
2                    IN COMBAT ZONE OR HELD BY COMMUNIST  
3                    GOVERNMENT AUTHORITY."

4                    (2) By striking out the heading of subsection (a)  
5 thereof and inserting in lieu thereof the following:

6                    "(a) ENLISTED PERSONNEL SERVING IN COMBAT  
7 ZONE.—";

8                    (3) By striking out the heading of subsection (b)  
9 thereof and inserting in lieu thereof the following:

10                  "(b) COMMISSIONED OFFICERS SERVING IN COMBAT  
11 ZONE.—"; and

12                  (4) By adding at the end thereof the following new  
13 subsection:

14                  "(d) PERSONNEL HELD BY COMMUNIST GOVERNMENT  
15 AUTHORITY OR MISSING IN ACTION FROM COMBAT  
16 ZONE.—Gross income does not include compensation received  
17 for active service as a member of the Armed Forces of the  
18 United States—

19                  "(1) for any month after January 1955 during any  
20 part of which such member is held against his will by  
21 a Communist government authority; or

22                  "(2) for any month after January 1955 all or part  
23 of which falls in an uninterrupted period beginning be-  
24 fore February 1955 during which entire period such  
25 member was missing in action as a result of service

1 performed in a combat zone. The determination as to  
2 whether a member of the Armed Forces has met the  
3 conditions specified in this subsection shall be made by  
4 the Secretary of Defense or his delegate."

5 (b) The table of sections for part III of subchapter B  
6 of chapter 1 of the Internal Revenue Code of 1954 is hereby  
7 amended by striking out:

"Sec. 112. Certain combat pay of members of the Armed  
Forces."

8 and inserting in lieu thereof the following:

"Sec. 112. Pay of members of Armed Forces serving in com-  
bat zone or held by Communist government  
authority."

9 SEC. 2. (a) Part II of subchapter J of chapter 1 of the  
10 Internal Revenue Code of 1954 is hereby amended by adding  
11 at the end thereof the following new section:

12 **"SEC. 693. INCOME TAXES OF MEMBERS OF ARMED  
13 FORCES ON DEATH WHILE HELD BY COM-  
14 MUNIST GOVERNMENT AUTHORITY OR MISS-  
15 ING IN ACTION FROM COMBAT ZONE.**

16 "In the case of any individual who dies after January  
17 31, 1955, while in active service as a member of the Armed  
18 Forces of the United States, if such death occurred while  
19 such individual was held against his will by a Communist  
20 government authority or while such individual was missing  
21 in action as a result of service performed before February

1 1955 in a combat zone (as determined under section  
2 112 (c))—

3 “(1) any tax imposed by this subtitle shall not  
4 apply with respect to the taxable year in which falls  
5 the date of his death, or with respect to any prior  
6 taxable year ending after January 31, 1955, during any  
7 part of which he was so held against his will; and

8 “(2) any tax imposed by this subtitle or by chapter  
9 1 of the Internal Revenue Code of 1939 shall not apply  
10 with respect to any taxable year any part of which  
11 taxable year is included in an uninterrupted period be-  
12 beginning before February 1955 and ending with the date  
13 of death during which entire period such individual was  
14 in active service as a member of the Armed Forces of  
15 the United States and—

16 “(i) served in a combat zone (as determined  
17 under section 112 (c)) after June 24, 1950; or

18 “(ii) was missing in action as a result of serv-  
19 ice performed in a combat zone (as determined  
20 under section 112 (c)); or

21 “(iii) was held against his will by a Communist  
22 government authority; and

23 “(3) any tax imposed by this subtitle or by the  
24 corresponding provisions of prior revenue laws which  
25 is unpaid at the date of his death (including interest,

1       additions to the tax, and additional amounts) shall not  
2       be assessed, and if assessed the assessment shall be  
3       abated, and if collected shall be credited or refunded  
4       as an overpayment.

5       The determination as to whether a member of the Armed  
6       Forces has met the conditions specified in this section shall  
7       be made by the Secretary of Defense or his delegate."

8       (b) The table of sections for part II of subchapter J of  
9       chapter 1 of the Internal Revenue Code of 1954 is hereby  
10      amended by striking out

      "Sec. 692. Income taxes of members of Armed Forces on  
      death."

11      and inserting in lieu thereof the following:

      "Sec. 692. Income taxes of members of Armed Forces on  
      death resulting from service in combat zone.

      "Sec. 693. Income taxes of members of Armed Forces on  
      death while held by Communist government  
      authority or missing in action from combat  
      zone."

12      (c) Section 692 of the Internal Revenue Code of 1954  
13      is hereby amended by striking out the heading thereof and  
14      inserting in lieu thereof the following:

15      "SEC. 692. INCOME TAXES OF MEMBERS OF ARMED  
16                    FORCES ON DEATH RESULTING FROM SERV-  
17                    ICE IN COMBAT ZONE."

18      SEC. 3. (a) Section 2201 of the Internal Revenue Code  
19      of 1954 is hereby amended as follows:

1        (1) By striking out the heading thereof and inserting  
2 in lieu thereof the following:

3        **“SEC. 2201. MEMBERS OF ARMED FORCES.”**

4        (2) By adding after the heading thereof the following:

5        “(a) MEMBERS OF ARMED FORCES DYING DURING AN  
6 INDUCTION PERIOD.—”

7 and

8        (3) By adding at the end thereof the following new  
9 subsection:

10        “(b) MEMBERS OF ARMED FORCES DYING WHILE  
11 HELD BY COMMUNIST GOVERNMENT AUTHORITY OR  
12 MISSING IN ACTION FROM COMBAT ZONE.—The addi-  
13 tional estate tax as defined in section 2011 (d) shall not  
14 apply to the transfer of the taxable estate of a citizen or  
15 resident of the United States dying after January 31, 1955,  
16 while in active service as a member of the Armed Forces  
17 of the United States, if such decedent died—

18        “(1) while held against his will by a Communist  
19 government authority, or

20        “(2) while missing in action as a result of service  
21 performed before February 1955 in a combat zone (as  
22 determined under section 112 (c)).

23 The determination as to whether a member of the Armed  
24 Forces has met the conditions specified in this subsection  
25 shall be made by the Secretary of Defense or his delegate.”

1        (b) The table of sections for subchapter C of chapter 11  
2 of the Internal Revenue Code of 1954 is hereby amended  
3 by striking out—

“Sec. 2201. Members of the Armed Forces dying during  
an induction period.”

4 and inserting in lieu thereof the following:

“Sec. 2201. Members of Armed Forces.”

5        SEC. 4. (a) Section 7508 of the Internal Revenue Code  
6 of 1954 is hereby amended by adding at the end thereof  
7 the following new subsection:

8        “(c) ADDITIONAL TIME TO BE DISREGARDED.—In the  
9 case of an individual serving in the Armed Forces of the  
10 United States and held against his will by a Communist  
11 government authority or missing in action as a result of  
12 service performed before February 1955 in a combat zone  
13 (as determined under section 112 (c)), the period after  
14 January 1955 during which such individual is so held or is  
15 so missing in action and the next 180 days thereafter shall  
16 be disregarded in determining, under the internal revenue  
17 laws, in respect of any tax liability (including any interest,  
18 penalty, additional amount, or addition to the tax) of such  
19 individual, whether any of the acts specified in subsection  
20 (a) was performed within the time prescribed therefor, and  
21 in determining the amount of any credit or refund (includ-  
22 ing interest). The determination as to whether a member

1 of the Armed Forces has met the conditions specified in this  
2 subsection shall be made by the Secretary of Defense or  
3 his delegates."

4 (b) Subsection (b) of section 7508 of the Internal  
5 Revenue Code of 1954 is hereby amended as follows:

6 (1) By striking out "subsection (a)" each place it  
7 appears and inserting in lieu thereof "subsection (a) or  
8 (c)"; and

9 (2) By striking out in the fourth sentence of paragraph  
10 (1) thereof ", by reason of the combatant activities,".

Approved For Release 2002/01/10 : CIA-RDP59-00224A000200230001-8

84TH CONGRESS  
1ST SESSION

**A BILL**

To grant tax relief to members of the Armed Forces of the United States held by a Communist government authority or missing in action from a combat zone.

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By Mr. KNOWLAND

**MAY 3 (legislative day, MAY 2), 1955**  
Read twice and referred to the Committee on Finance